

## FY 2020 CRA “B” Workpapers (Public Version)

### I. PREFACE

#### A. Purpose and Content

USPS-FY20-32 is used to calculate volume variable and product specific costs for Market Dominant products and summary information for Competitive products for 12 of the 17 cost segments, including Postmasters, Supervisors, Clerks and Mail Handlers, City Carrier In-Office Activities, City Carrier Street Activities, Rural Carriers, and Purchased Transportation. These costs are used as inputs to USPS-FY20-31 (Public CRA Model). USPS-FY20-32 contains electronic documentation of the spreadsheets and programs used to develop these costs.

This report also contains the city carrier letter route street evaluation data that is used to form the cost pools for the street time associated with city carriers in cost segment 7. In Docket No. RM2017-8, Order No. 4259 (December 1, 2017), the Commission directed the Postal Service to file the Form 3999 data file used to calculate the city carrier letter route street time proportions as well as the SAS program, SAS log, and the related-SAS program outputs used to create, screen, and adjust the city carrier letter route street time proportions. (Order at 21-22).

This folder also contains the **Report on Estimation of Variabilities for Customer Care Centers Fiscal Year 2020**. This report, displays and discusses the results of re-estimating the variability equations included in its Status Report from Docket No. RM2015-5, Proposal Twelve.<sup>1</sup> The Commission directed the Postal Service to file an annual report that re-estimated the variability equations from its Status Report and to supply an explanation as to whether the data used to re-estimate the equations are sufficient to overturn Proposal Twelve’s variability assumptions regarding the attribution of Customer Care Centers in CS3, Component 424.<sup>2</sup> The information requested by the Commission is included in the report provided in the zip file.

Lastly, included at the end of this Preface are estimates of the net costs associated with the United States Postal Inspection Service for FY 2020, analogous to those provided last year and for FY 2013 in Order No 2163 at 11 (August 20, 2014) from Docket No. PI2014-1.

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<sup>1</sup> See Docket No. RM2015-5, Proposal Twelve, Status Report of the United States Postal Service Regarding Order No. 2462, August 28, 2015.

<sup>2</sup> See Docket No. RM2015-5, Proposal Twelve, Order No. 2826, November 19, 2015 at 5.

**B. Predecessor Document**

USPS-FY19-32

**C. Corresponding Non-Public Document**

USPS-FY20-NP14, FY 2020 CRA “B” Workpapers (Non-Public Version)

**D. Methodology**

The starting point for postal costing is the development of volume variable and product specific costs performed in the CRA Model, which relies on inputs from this folder. The Non-Public “B” Workpapers documented in USPS-FY20-NP14 follow the established methods to calculate volume variable and product specific costs as they were applied in the Commission’s FY 2019 Annual Compliance Determination (ACD), with the following modifications:

**Modifications:****Cost Segments 6&7:**

The city carrier cost model workbook was modified to correspond to Commission Order No. 5405 (January 14, 2020) from Docket No. RM2019-6 (city carrier special purpose route costs), Proposal One (city carrier special purpose route costs) and to agree with Commission Order No. 5395 from Docket No. RM2019-12, Proposal Seven (city carrier Sunday/holiday supervisor costs).

The specific modifications to the workbooks from these two dockets are described on tab ‘Changes’ starting at cell A165.

Lastly, two components were renamed to better describe the activities included in them. Specifically, component In-Office Support Overhead was renamed In-Office Support General and component In-Office Support Other was renamed In-Office Route Support. These changes are also included on the tab ‘Changes’ starting at cell A186.

**E. Inputs/Outputs**

The tables below show the ACR folders that serve as inputs/outputs to/from USPS-FY20-32.

**Input ACR Folders**

| <b>Description</b>   | <b>ACR Folder</b> |
|--|-------------------|
| Cost Segment and Components Reconciliation to Financial Statements and Account Reallocations | USPS-FY20-5       |
| Cost Segment 3 Cost Pools and Other Related Information                                      | USPS-FY20-7       |

|   |              |
|---|--------------|
| City Carrier Cost System (CCCS) Documentation     | USPS-FY20-34 |
| Rural Carrier Cost System (RCCS) Documentation    | USPS-FY20-35 |
| Transportation Cost Systems (TRACS) Documentation | USPS-FY20-36 |
| In-Office Cost System (IOCS) Documentation        | USPS-FY20-37 |
| 2020 Rural Mail Count                             | USPS-FY20-40 |

### Output ACR Folders

| Description  | ACR Folder   |
|--|--------------|
| USPS Marketing Mail and Periodicals Destination Entry Cost Model                         | USPS-FY20-13 |
| Bound Printed Matter Transportation Cost Model and Bulk Parcel Return Service Cost Model | USPS-FY20-16 |
| Delivery Costs by Shape  | USPS-FY20-19 |
| FY 2020 Market Dominant NSA Materials  | USPS-FY20-30 |
| CRA Model  | USPS-FY20-31 |
| FY 2020 Market Dominant Product Incremental Costs  | USPS-FY20-43 |

## II. ORGANIZATION

USPS-FY20-32 consists of two directories and a total of seventeen files. The directory entitled “B” Workpapers contains twelve Excel workbooks, eleven of which present cost data by cost segment. The twelfth workbook is entitled I-forms and exports data to the cost segment workbooks. Data sources are referenced in each spreadsheet.

USPS-FY20-32 also contains a directory named City Carrier Letter Route Street Time Proportions. This directory contains the data and associated SAS program, SAS log, and SAS output files that are used to form the city carrier letter route cost pools, which are used in cost segment 7.

USPS-FY20-32 also contains the **Report on Estimation of Variabilities for Customer Care Centers Fiscal Year 2020**.

**Net Costs Associated with United States Inspection Service:** In Docket No. PI2014-1, the Commission reproduced as an attachment to Order No. 2163 (August 20, 2014) material from the Postal Service that included, on page 11, a FY 2013 net cost estimate of \$410.7 million for the United States Postal Inspection Service. For purposes of more current consideration of the same topic, that net cost figure was updated for FY 2020. Based on the same inputs as used to generate the estimates provided last year and in Docket No. PI2014-1, the comparable estimate for FY 2020 was \$503.2 million.